



EXECUTIVE DIRECTOR'S REPORT

March 11, 2024

The mission of the YPI Charter Schools (YPICS) is to prepare students for academic success in high school, as well as post--secondary education; prepare students to be responsible and active participants in their community; and enable students to become life-long learners. Students at YPI Charter Schools will become active citizens who characterize the ideals of a diverse and democratic society. Students will provide service to their community, take responsibility for their own learning, and develop the habits of mind and body that will empower them to be successful in high school and beyond.

State:

LAO to Legislature: Deteriorating Budget Condition Ahead

From School Services of California

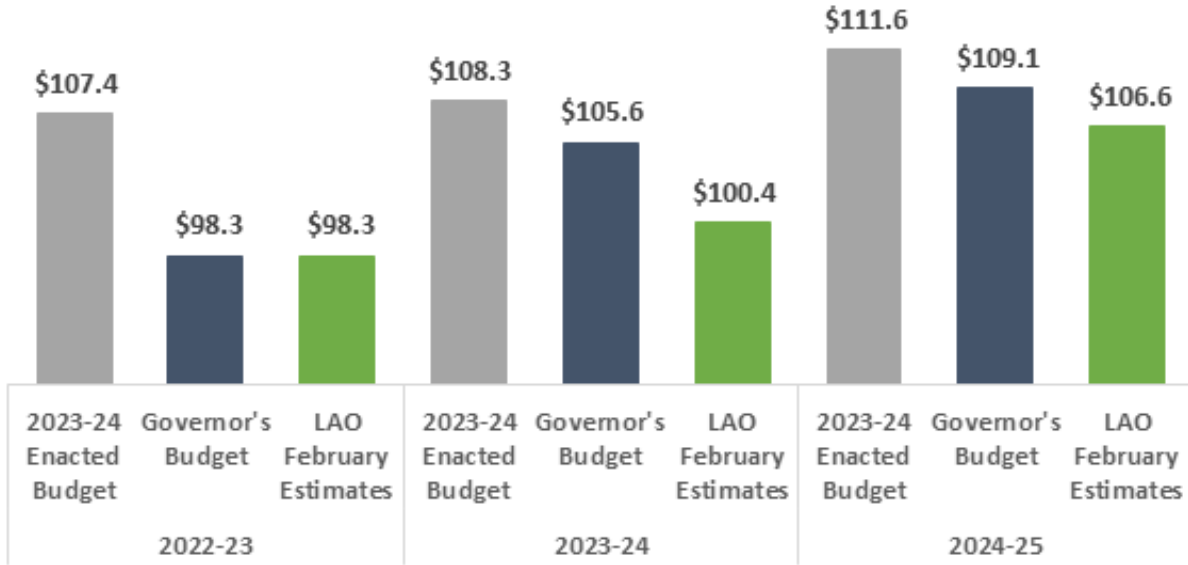
Posted February 21, 2024

The Legislative Analyst's Office (LAO) issued two separate reports on February 15, 2024, analyzing Proposition 98 and Governor Gavin Newsom's education budget proposal within the context of a deteriorating budget condition. The analyses acknowledge that when the Governor issued his 2024-25 Governor's Budget on January 10, 2024, he was:

- Solving an estimated \$58 billion State Budget deficit (for comparison, during the height of the COVID-19 recession, the 2020-21 Enacted Budget addressed a \$54 billion deficit)
- Addressing unanticipated reductions in available revenues to K-12 school and community college agencies in the prior and current year with \$13.7 billion in spending solutions—\$8 billion of which is attributable to a funding maneuver the LAO strongly recommends the Legislature reject
- Proposing an additional \$1.4 billion in new K-12 one-time and ongoing spending, with the largest share attributable to funding a 0.76% cost-of-living adjustment (COLA) (\$628 million)

The LAO evaluates the Governor's January fiscal policy and spending proposals highlighting that, under its most recent revenue estimates, the State Budget and Proposition 98 deficits are likely to grow by May. Specifically, they estimate that the Proposition 98 minimum guarantee could drop by another \$7.7 billion from the Governor's Budget estimates in 2023-24 and 2024-25 (see Figure 1).

Figure 1. Changes in the Proposition 98 Minimum Guarantee (in billions)



Addressing the 2022-23 Proposition 98 Reduction

Perhaps the most problematic proposal included in the Governor’s Budget from the LAO’s perspective is how the Administration intends to protect school and community college agencies from a \$9.1 billion decrease in the 2022-23 (or prior year) minimum guarantee through an unprecedented interest-free internal borrowing of state cash resources that would exacerbate out-year State Budget deficits by accounting for the payback of the “loan” over five years beginning in 2025-26. In a separate [analysis](#), the LAO highlights multiple fiscal policy concerns with the proposal, including that it would create a binding future budget obligation for the Legislature and would require non-education government programs and services to bear the cost of the borrowing.

Evaluating the Governor’s K-12 Spending Plan

The LAO’s fiscal concerns about the Governor’s education spending plan are not limited to the treatment of the 2022-23 minimum guarantee. Its concerns extend to the Administration’s new ongoing and one-time investments that amount to \$1.4 billion in new spending. To this point, the LAO highlights that if the Legislature were to reject the Governor’s above-mentioned funding maneuver and state and Proposition 98 resources were to decline by the LAO’s February estimates, it would need to solve a \$14 billion Proposition 98 problem across the budget window. The LAO identifies several alternatives for the Legislature to consider, including:

- Using the Proposition 98 reserve to allow K-12 and community college agencies to retain the cash resources the state provided in 2022-23 (in lieu of the Governor’s funding maneuver)
- Providing no COLA for 2024-25
- Rejecting most of the Governor’s new spending proposals
- Reducing spending in existing programs through policy adjustments
- Sweeping some unallocated education funds

Analysis of Key Education Policy Proposals

Finally, the LAO analyzes several education policy proposals proffered by the Governor in January, including the proposals related to school meals, the education workforce, and the attendance recovery and instructional continuity programs. Below is a brief summary of a few key analyses and recommendations.

- **School Meals:** Since the inception of the universal school meals program, state costs have increased significantly. Current estimates would bring program costs to approximately \$2 billion by the end of 2024-25. The LAO offers several ways to contain program expenditures by establishing lower rates, suspending the automatic COLA for the program and make inflationary adjustments annually as part of the budget process, eliminate or suspend the budgetary provision that requires the state to automatically backfill any projected program shortfalls, and revisit the policy for community eligibility schools.
- **Educator Workforce:** The Governor's Budget includes several proposals related to the educator workforce; however, relative to the proposal to eliminate the requirement for aspiring educators to pass the basic skills proficiency exam, the LAO recommends the Legislature approve it while also finding and addressing other barriers to entry into the profession.
- **Attendance Recovery and Instructional Continuity Programs:** The Governor's Budget contains three proposals to address student attendance and learning opportunities: (1) the attendance recovery proposal, (2) the instructional continuity in the event of emergencies proposal, and (3) the instructional continuity proposal for classroom-based students needing short-term remote learning options. The LAO highlights the complications with each proposal while acknowledging the intent to improve student attendance and, relative to the attendance recovery proposal, to allow for average daily attendance recovery and reduce local chronic absenteeism rates. Overall, the LAO suggests that, under existing budget conditions, the state likely cannot support the costs of the attendance recovery proposal and that it would be logistically challenging for local agencies to implement in the near-term. For the instructional continuity program, the LAO argues that the exemptions to the 15-day participation limit is too broad and that it may not be reasonable to expect local agencies experiencing unexpected emergency events to provide instruction within five calendar days.

Proposed Changes to Learning Recovery Emergency Block Grant

The following information is from School services on February 13, 2024.

The 2024-25 Governor's Budget released on January 10, 2024, mentions changes to the Learning Recovery Emergency Block Grant (LREBG). Details are now available in the proposed legislative language that accompanies the budget proposal, also known as the trailer bill language. Local educational agencies (LEAs) originally received \$7.9 billion in one-time funds for the LREBG as part of the 2022-23 Enacted Budget, which must be expended by the end of the 2027-28 school year. The 2023-24 Enacted Budget reduced the grant by \$1.1 billion. The funds may be used to

“establish learning recovery initiatives . . . that, at a minimum, support academic learning recovery and staff and pupil social and emotional well-being” (Education Code Section 32526 [c][1]).

Under Governor Gavin Newsom’s current proposal, LEAs must develop a needs assessment for the use of any unencumbered block grant funds starting July 1, 2024. The needs assessment must identify students in the greatest need of learning recovery support based on chronic absenteeism and performance on state standardized English language arts and mathematics assessments. The needs assessment also must include the interventions, aligned with the allowable uses of the LREBG, that the LEA will pursue to address the needs of the identified students. The California Department of Education will provide assistance for developing the needs assessment. In addition, school districts that are identified for differentiated assistance may also receive support from their county office of education in conducting the needs assessment.

To ensure accountability for how LEAs use LREBG funds that are unencumbered as of July 1, 2024, expenditures for these funds will be included in Local Control and Accountability Plans for the 2025-26 through 2027-28 fiscal years. LEAs will be required to include at least one metric to monitor the impact of actions or services utilizing LREBG funds. LEAs also must explain the rationale for implementing these actions or services which must be supported by research.

While the proposal seeks to focus the use of unencumbered LREBG funds on students in the greatest need of learning recovery support, the allowable uses for the LREBG have not been narrowed. In fact, the proposal would allow the grant to also be used for professional development on the 2023 Mathematics Framework. However, many questions have been raised about the intent and the mechanics for the July 1, 2024, cut off for encumbered funds. Furthermore, the settlement calls for at least \$2 billion in unencumbered funds to be captured by the proposal. The Department of Finance has admitted that it does not currently have an estimate for how much of the LREBG funds are unencumbered, but in March, it expects to have an estimate of unencumbered funds as of June 30, 2023. Additional details to define what “encumbered” means will require consultation with the attorneys that crafted the settlement.

YPICS:

Charter Renewal

Pursuant to [Education Code Section 47607.4](#), all charter schools whose term expires on or between January 1, 2022, and June 30, 2025, shall have their term extended by two years. Given this extension, Monseñor Oscar Romero Charter School is up for the renewal of its charter petition.

YPICS is working with Janelle Ruley of Young, Minney & Corr to ensure our charter petition complies with new legislation and is ready for submission in August/September.